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6 Attorneys for Complainant

7
8 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
9 **STATE OF CALIFORNIA**

10 In the Matter of the Accusation Against:

11 ANTHONY LOPEZ
12 303 Convention Way, Suite 4
Redwood City, CA 94063

13 Certified Public Accountant
14 Certificate No. CPA 15145

15 and

16 LOPEZ & LOPEZ CPA's
17 ANTHONY LOPEZ, CPA
LORI LOPEZ NORWOOD, CPA
303 Convention Way, Suite 4
18 Redwood City, CA 94063

19 Accountancy Partnership No. PAR 6591,

20 Respondents.
21

Case No. AC-2003-38

OAH No. 2007-02-0342

**STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER**

22 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-
23 entitled proceedings that the following matters are true:

24 **PARTIES AND JURISDICTION**

25 1. Carol Sigmann, the Complainant in this matter, is the Executive Officer of the
26 California Board of Accountancy. She brought this action solely in her official capacity and is
27 represented in this matter by Edmund G. Brown Jr., Attorney General of the State of California,
28 by Jeanne C. Werner, Deputy Attorney General.

2. On or about January 30, 1970, the California Board of Accountancy issued Certified Public Accountant Certificate Number CPA 15145 to Anthony Lopez (“Respondent Lopez”) and the certificate is renewed in an active status through July 31, 2007. On or about September 5, 2002, the California Board of Accountancy issued Accountancy Partnership Certificate Number PAR 6591 to Lopez & Lopez CPA’s (to partners Anthony Lopez, CPA 15145 and Lori Lopez Norwood, CPA 67858) (hereinafter “Respondent Lopez Firm” or “Respondent Partnership”). The Accountancy Partnership Certificate is currently renewed through September 30, 2008. The parties stipulate to the accuracy of the license histories as set forth in the Accusation in all other respects.

3. On May 22, 2006, Accusation No. AC-2003-38 was filed before the California Board of Accountancy ("Board"), Department of Consumer Affairs, and is currently pending against Respondents. The Accusation and all other statutorily required documents were properly served on all respondents on May 30, 2006. Respondents timely filed their respective Notices of Defense contesting the Accusation. A copy of Accusation No. AC-2003-38 is attached as Exhibit A and incorporated herein by reference.

ADVISEMENT AND WAIVERS

4. Respondents Anthony Lopez, and Lopez & Lopez, CPA's, are represented in these proceedings by David M. McKim, Esq., Law Offices of David M. McKim, 1777 Borel Place, Suite 301, San Mateo, CA 94402 (Telephone: 650.349.0900). Respondent and his partner, Ms. Lori Lopez Norwood, CPA 67858 (who is not an individual respondent in this proceeding) have carefully read, fully discussed with counsel, and understand the charges and allegations in Accusation No. AC-2003-38. Respondent and Ms. Norwood have also carefully read, fully discussed with counsel, and understand the effects of this Stipulated Settlement and Disciplinary Order on both licenses.¹

5. Respondents are fully aware of their legal rights in this matter, including the right to a hearing on the charges and allegations in the Accusation; the right to be represented by counsel at

1. The term “respondents” as used in this stipulation refers to Respondent Lopez and Respondent Partnership.

1 their own expense; the right to confront and cross-examine the witnesses against them; the right
2 to present evidence and to testify on their own behalf; the right to the issuance of subpoenas to
3 compel the attendance of witnesses and the production of documents; the right to reconsideration
4 and court review of an adverse decision; and all other rights accorded by the California
5 Administrative Procedure Act and other applicable laws.

6 6. Respondents voluntarily, knowingly, and intelligently waive and give up each and
7 every right set forth above. They represent that no tender, offer, promises, threats or inducements
8 of any kind whatsoever have been made by the Board or any member, officer, agent or
9 representative thereof in consideration of this settlement offer or otherwise to induce them to so
10 consent.

11 7. This stipulation shall be subject to approval by the California Board of Accountancy.
12 By signing the stipulation, the Respondents understand and agree that they may not withdraw
13 their agreement or seek to rescind the stipulation prior to the time the Board considers and acts
14 upon it. If the Board fails to adopt this stipulation as its Decision and Order, the Stipulated
15 Settlement and Disciplinary Order shall be of no force or effect, except for this paragraph. It
16 shall have no evidentiary value, shall be inadmissible in any legal action between the parties, and
17 shall not be relied upon or introduced in any disciplinary, or other, action or proceeding by either
18 party hereto. In the event that the Stipulated Settlement is not adopted, nothing recited herein
19 shall be construed as a waiver of Respondents' right to a hearing or as an admission of the truth
20 of any of the matters charged, and the Board shall not be disqualified from further action by
21 having considered this matter. Communications pursuant to this paragraph, and consideration of
22 this matter, shall not disqualify the Board or other persons from future participation in this or any
23 other matter affecting Respondents. Respondents agree that should the Board reject this
24 Stipulated Settlement and if this case proceeds to hearing, Respondents will assert no claim that
25 the Board was prejudiced by its review and discussion of this Stipulation or of any records
26 related hereto.

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1 **ADMISSIONS AND FURTHER STIPULATIONS BETWEEN THE PARTIES**

2 8. Respondent Lopez admits the charges pertaining to his individual license contained
3 in the Accusation (Accusation, paragraphs 19 through 33).

4 9. On behalf of Respondent Partnership, Respondent Lopez and Ms. Norwood admit
5 that the partnership operated as a CPA firm prior to its initial licensure as a firm as alleged in
6 Accusation No. AC-2003-38.

7 10. Respondents agree that the respective licenses are subject to discipline and they
8 agree to be bound by the Board's imposition of discipline as set forth in the Disciplinary Order
9 below.

10 11. The parties understand and agree that facsimile copies of this Stipulated Settlement
11 and Disciplinary Order, including facsimile signatures thereto, shall have the same force and
12 effect as the originals.

13 12. In consideration of the foregoing admissions and stipulations, the parties agree that
14 the Board may, without further notice or formal proceeding, issue and enter the following
15 Disciplinary Order:

16 **DISCIPLINARY ORDER**

17 IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. CPA 15145,
18 issued to Respondent Anthony Lopez, and Partnership Certificate No. PAR 6591, issued to
19 Respondent Lopez & Lopez, CPA's (Anthony Lopez and Lori Lopez Norwood, Partners) are
20 revoked. However, the revocation of both licenses is stayed and the respective Respondents are
21 placed on probation for three (3) years on the following terms and conditions.

22 1. **Actual Suspension.** Certified Public Accountant Certificate No. CPA 15145 issued to
23 Anthony Lopez is suspended for 180 days. During the period of suspension, Respondent Lopez
24 shall engage in no activities for which certification as a Certified Public Accountant or Public
25 Accountant is required as described in Business and Professions Code, Division 3, Chapter 1,
26 Section 5051.

27 2. **Active License Status.** Respondent Lopez shall at all times maintain an active
28 license status with the Board, including during any period of suspension. If the license is expired

1 at the time the Board's decision becomes effective, the license must be renewed within 30 days of
2 the effective date of the decision.

3 **3. Continuing Education Courses.** Respondent Lopez shall complete twenty-four (24)
4 hours of professional education courses as specified by the Board or its designee at the time of
5 his first probation appearance. The professional education courses shall be completed within a
6 period of time designated and specified in writing by the Board or its designee, which time-frame
7 shall be incorporated as a condition of this probation. This requirement shall be in addition to
8 continuing education requirements for relicensing. Failure to satisfactorily complete the required
9 courses as scheduled or failure to complete same no later than 100 days prior to the termination
10 of probation shall constitute a violation of probation.

11 **4. Ethics Course/Examination.** Respondent Lopez shall take and pass with a score of
12 90 percent or better a Board-approved ethics examination prior to his resumption of practice after
13 the suspension period provided herein.

14 If he fails to pass said examination within the time period provided or within two
15 attempts, he shall so notify the Board and shall cease practice until he takes and successfully
16 passes said exam, submitted proof of same to the Board, and has been notified by the Board that
17 he may resume practice. Failure to pass the required examination no later than 100 days prior to
18 the termination of probation shall constitute a violation of probation.

19 Notwithstanding any other provision of this probation, failure to take and pass this
20 examination within five years of the effective date of this order constitutes a separate violation of
21 probation.

22 **5. Supervised Practice for Audit, Review, or Compilation Engagements.** Within ten
23 (10) days of the effective date of this decision, Respondents shall inform the Board in writing
24 regarding current clients for audit, review, or compilation engagements (clients of Respondent or
25 of the partnership). Thereafter, Respondents shall inform the Board of any new or returning
26 clients for audit, review or compilations within five days of accepting such engagements and
27 prior to commencing work on said engagements. For any such clients of the Respondent
28 Partnership or Respondent Lopez, Respondent(s) shall submit to the Board or its designee for its

1 **prior approval** a plan of practice that shall be monitored by another CPA or PA who provides
2 periodic reports to the Board or its designee. Respondent(s) shall pay all costs for such
3 monitoring. The monitoring of practice shall include independent reviews of all financial reports
4 or products which result from audit, review, or compilation engagements.

5 **6. Cost Reimbursement.** Respondents shall reimburse the Board \$12,133.50 for its
6 investigation and prosecution costs. The payment shall be made in two installments: \$5,000 is
7 due within thirty (30) days of the date the Board's decision is final. The balance of the payment
8 must be received by July 1, 2007. Respondents are jointly and severally liable for the cost
9 reimbursement.

10 **7. Obey All Laws.** Respondents shall obey all federal, California, other
11 states' and local laws, including those rules relating to the practice of public accountancy in
12 California.


13 **8. Submit Written Reports.** Respondents shall submit, within ten (10) days
14 of completion of the quarter, written reports to the Board on a form obtained from the Board.
15 Respondent Lopez shall submit, under penalty of perjury, such other written reports, declarations,
16 and verification of actions as are required. Ms. Norwood, on behalf of Respondent Partnership,
17 shall submit, under penalty of perjury, such other written reports, declarations, and verification of
18 actions as are required. These declarations shall contain statements relative to Respondents'
19 compliance with all the terms and conditions of probation. Respondents shall immediately
20 execute all release of information forms as may be required by the Board or its representatives.

21 **9. Personal Appearances.** Respondent Lopez and Ms. Norwood, on behalf of
22 Respondent Partnership, shall, during the period of probation, appear in person at
23 interviews/meetings as directed by the Board or its designated representatives, provided such
24 notification is accomplished in a timely manner.

25 **10. Comply With Probation.** Respondents shall fully comply with the terms and
26 conditions of the probation imposed by the Board and shall cooperate fully with representatives
27 of the Board of Accountancy in its monitoring and investigation of the Respondents' compliance
28 with probation terms and conditions.

1 voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the
2 California Board of Accountancy.

3
4 DATED: 2-26-07

5
6 
7 ANTHONY LOPEZ, Respondent
CPA Certificate No. CPA 15143
For himself and on behalf of LOPEZ & LOPEZ, CPA's

8 I have carefully read the Stipulated Settlement and Disciplinary Order. I understand the
9 stipulation and the effect it will have on our Partnership Certificate. I enter into this Stipulated
10 Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be
11 bound by the Decision and Order of the California Board of Accountancy.

12
13 DATED: 2-26-07

14
15 
16 LORI LOPEZ NORWOOD
on behalf of Respondent LOPEZ & LOPEZ, CPA'S

17
18 I have read and fully discussed with Respondents the terms and conditions and other
19 matters contained in the above Stipulated Settlement and Disciplinary Order. I approve its form
20 and content.

21 DATED: 2/26/07

22 
23 DAVID M. McKim, Esq.
24 Law Offices of David M. McKim
Attorney for Respondent

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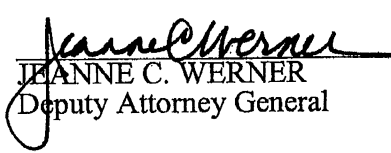
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ENDORSEMENT

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the California Board of Accountancy of the Department of Consumer Affairs.

DATED: 26 February 2007

EDMUND G. BROWN JR, Attorney General
of the State of California


JEANNE C. WERNER
Deputy Attorney General

Attorneys for Complainant

DOJ Matter ID: SF2003400183
90039844.3.wpd

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

ANTHONY LOPEZ
303 Convention Way, Suite 4
Redwood City, CA 94063

Certified Public Accountant
Certificate No. CPA 15145

and

LOPEZ & LOPEZ CPA's
ANTHONY LOPEZ, CPA
LORI LOPEZ NORWOOD, CPA
303 Convention Way, Suite 4
Redwood City, CA 94063

Accountancy Partnership No. PAR 6591,

Respondents.

Case No. AC-2003-38

ORDER

DECISION AND ORDER

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter imposing discipline upon Certified Public Accountant Certificate No. CPA 15145 and Accountancy Partnership No. PAR 6591.

This Decision shall become effective for both licenses on April 29, 2007, 2007.

It is so ORDERED March 30, 2007.



David Swartz, President
FOR THE CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

Exhibit A

Accusation No. AC-2003-38

BILL LOCKYER, Attorney General
of the State of California
JEANNE C. WERNER, State Bar No. 93170
Deputy Attorney General
California Department of Justice
1515 Clay Street, 21st Floor
P.O. Box 70550
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Telephone: (510) 622-2226
Facsimile: (510) 622-2121

Attorneys for Complainant

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In the Matter of the Accusation Against:

ANTHONY LOPEZ
303 Convention Way, Suite 4
Redwood City, CA 94063

Certified Public Accountant
Certificate No. CPA 15145

and

LOPEZ & LOPEZ CPA's
ANTHONY LOPEZ, CPA
LORI LOPEZ NORWOOD, CPA
303 Convention Way, Suite 4
Redwood City, CA 94063

Accountancy Partnership No. PAR 6591

Respondents.

ACCUSATION

Case No. AC-2003-38

Complainant alleges:

PARTIES AND JURISDICTION

1. Carol Sigmann, Complainant herein, brings this Accusation before the California Board of Accountancy, Department of Consumer Affairs ("Board"), under the authority of Sections 5100 and 5101 of the Business and Professions Code, solely in her official capacity as the Executive Officer of the Board.

2. On or about January 30, 1970, the Board issued Certified Public Accountant

1 Certificate Number CPA 15145 to Anthony Lopez ("Respondent Lopez"). The Certificate, now
2 subject to renewal every two years (on August 1 of odd-numbered years) pursuant to Code
3 Section 5070.5, had been renewed, at some time on or before March 1989¹, in an active status
4 until its expiration on July 31, 1997. Since that date, the Board's records have reflected the
5 status of the certificate as follows:

6 A. Expired (and not valid for practice) from August 1, 1997 through May 3, 1998.

7 B. Renewed in an "active" status from May 4, 1998 (upon receipt of declaration of
8 compliance with continuing education requirements) through July 31, 1999.

9 C. Expired from August 1, 1999 through June 1, 2000.

10 D. Renewed in an "active" status from June 2, 2000 (upon receipt of declaration of
11 compliance with continuing education requirements) through July 31, 2001.

12 E. Expired from August 1, 2001, through March 18, 2002.

13 F. Renewed in an "active" status from March 19, 2002 (upon receipt of declaration of
14 compliance with continuing education requirements) through July 31, 2003.

15 G. Timely renewed in an "active" status (from August 1, 2003) through July 31, 2007.

16 3. On or about September 5, 2002, the California Board of Accountancy issued
17 Accountancy Partnership Certificate Number PAR 6591 to Lopez & Lopez CPA's (to partners
18 Anthony Lopez, CPA 15145 and Lori Lopez Norwood, CPA 67858) (hereinafter "Respondent
19 Lopez Firm" or "Respondent Partnership"). The Accountancy Partnership Certificate was in full
20 force and effect at all times relevant to the charges brought herein and is currently renewed
21 through September 30, 2006.

22 4. Respondent's previous address of record was 617 Veterans Boulevard, #107,
23 Redwood City, CA. Respondent Lopez filed a change of address for both the firm and his
24 individual license in April 2003.

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27 1. The Board's records were transferred to the DCA's centralized computer system in March 1989
28 and, as a result, the underlying documentation related to the license history is unavailable prior to that
date.

1 5. Disciplinary Authority/Unprofessional Conduct. This Accusation is brought
2 before the Board under the authority of Sections 5100 and 5101 of the Business and Professions
3 Code.² Section 5100 provides, in relevant part, that, after notice and hearing the Board may
4 revoke, suspend or refuse to renew any permit or certificate granted, or may censure the holder of
5 that permit or certificate. As set forth in paragraphs 2 and 3, Respondents in this matter are
6 holders of current licenses: CPA Certificate No. CPA 15145 (Respondent Lopez), and
7 Accountancy Partnership No. PAR 6591 (Lopez and Lopez, CPA's, Respondent Partnership).
8 These licenses may be disciplined for unprofessional conduct which includes, but is not limited
9 to, one or any combination of the following causes:

10 Section 5100 (b) A violation of Code Section 478, 498, or 499 dealing with false
11 statements or omissions in the application for a license, or in obtaining a certificate as a
12 certified public accountant or in obtaining registration under this chapter or in obtaining a
13 permit to practice public accountancy under this chapter.

14 Section 5100 (c) Gross negligence in the practice of public accountancy (as defined in
15 Code Section 5051³).

16 6. Obtaining a License by Misrepresentation. Code Section 498 provides that a
17 licensing board may revoke, suspend, or otherwise restrict a license on the ground that the
18 licensee secured the license by fraud, deceit, or knowing misrepresentation of a material fact or
19 by knowingly omitting to state a material fact.

20 7. Partnership Discipline. Code section 5101 provides, *inter alia*, that a partnership
21 permit may be disciplined for any of the causes enumerated in Code section 5100, or for the
22 discipline of a partner.

23 8. Professional Standards - Report. Code Section 5062 requires that, upon
24 completion of a compilation, review or audit of financial statements, a licensee shall issue a
25

26 2. All statutory references are to the Business and Professions Code unless otherwise indicated.

27 3. Code Section 5051, set forth in part in paragraph 9, defines the practice of public accountancy.
28

1 report which conforms to professional standards.

2 9. Licensed Practice. As pertinent herein, Code Section 5050 requires that a person
3 be licensed by the Board in order to practice public accountancy in the State of California. Code
4 Section 5051 states in pertinent part that a person shall be deemed to be engaged in the practice
5 of public accountancy if he or she does any of the following:

6 (a) Holds himself or herself out to the public in any manner as one skilled in the
7 knowledge, science, and practice of accounting, and as qualified and ready to render
8 professional service therein as a public accountant for compensation.

9 (b) Maintains an office for the transaction of business as a public accountant.

10 (c) Offers to prospective clients to perform for compensation, or who does perform
11 on behalf of clients for compensation, professional services that involve or require an
12 audit, examination, verification, investigation, certification, presentation, or review of
13 financial transactions and accounting records.

14 (f) Keeps books, makes trial balances, or prepares statements, makes audits, or
15 prepares reports, all as a part of bookkeeping operations for clients.

16 (g) Prepares or signs, as the tax preparer, tax returns for clients.

17 (h) Prepares personal financial or investment plans or provides to clients products or
18 services of others in implementation of personal financial or investment plans.

19 (i) Provides management consulting services to clients.

20 10. Partnership Registration Requirement. Code Section 5072 provides that no
21 persons may engage in the practice of accountancy as a partnership unless the partnership is
22 registered by the Board.

23 11. Permissible Names for Practice: Code Section 5060 provides that no person or
24 firm may practice public accountancy under any name which is false or misleading [subdivision
25 (a)] and that no person or firm may practice public accountancy under any name other than the
26 name under which the person or firm holds a valid permit to practice issued by the board
27 [subdivision (b)].

28

1 12. Required Observance of Rules. Board Rule 5⁴ requires a licensee to observe
2 Board rules if the licensee is engaged in the types of activities performed by certified public
3 accountants or who renders other professional services which include, but are not limited to,
4 bookkeeping, financial planning, investment planning, tax services and management services.

5 13. Continuing Education Requirements for Licensure and Active Practice.

6 A. Board Rule 87 requires, as a condition of active status license renewal, the
7 completion of at least 80 hours of qualifying continuing education (as described by Rule 87.7,
8 Rule 88, etc.) in the two-year period immediately preceding license expiration.

9 B. Rule 87 further requires, for a licensee who engages in planning, directing,
10 performing substantial portions of the work, or reporting on an audit, review, compilation, or
11 attestation service, the completion of 24 of the 80 hours of required continuing education in the
12 course subject matter specified in Rule 87(c), that is, in the area of Accounting and Auditing.
13 This continuing education shall be completed in the same two-year license renewal period as the
14 report is issued (or as the financial statements are submitted to the client.)

15 C. Board Rule 87(g) provides that the violation of Board Rule 87 is cause for
16 discipline under Code Section 5100(g).

17 D. Board Rule 89 provides documentation and reporting requirements for a licensee
18 who is required to obtain continuing education as a prerequisite to license renewal.

19 E. Board Rule 89(k) provides that the willful making of any false or misleading
20 statement, in writing, regarding continuing education constitutes cause for discipline under Code
21 Section 5100(g).

22 F. Board Rule 94 provides that the failure, by a licensee engaged in active practice,
23 to comply with the Board's continuing education rules constitutes cause for discipline under
24 Code Section 5100.

26 4. References to sections of Title 16 of the California Code of Regulations will be referred to
27 herein as "Board Rule." Thus, Title 16, California Code of Regulations, section 5 will be referenced as
28 "Board Rule 5."

1 14. False and Misleading Advertising. Board Rule 63 (Title 16, Cal. Code Regs., §
2 63) provides that a licensee shall not advertise or use other forms of solicitation in any manner
3 which is false or misleading.

4 15. Cost Recovery. Code Section 5107 authorizes the Board's recovery of certain
5 costs which result from the investigation and prosecution of violations of the Accountancy Act.
6 Section 5107(a) of the Code provides in pertinent part that the executive officer of the Board ay
7 request the administrative law judge, as part of the proposed decision in a disciplinary
8 proceeding, to direct any holder of a permit or certificate found guilty of unprofessional conduct
9 to pay to the Board all reasonable costs of investigation and prosecution of the case, including,
10 but not limited to, attorneys' fees incurred prior to the commencement of the hearing.⁵ A
11 certified copy of the actual costs, or a good faith estimate of costs signed by the Executive
12 Officer, constitute prima facie evidence of reasonable costs of investigation and prosecution of
13 the case.

14 16. Code sections 118(b) and 5109 provide in pertinent part that the suspension,
15 expiration, cancellation, or forfeiture of a license issued by the Board shall not, deprive the Board
16 of its authority to investigate, or to institute or continue a disciplinary proceeding against, a
17 licensee upon any ground provided by law, or to enter an order suspending or revoking the
18 license or otherwise taking disciplinary action against the licensee on any such ground.

19 17. Code section 5000.1 provides as follows: "Protection of the public shall be the
20 highest priority for the California Board of Accountancy in exercising its licensing, regulatory,
21 and disciplinary functions. Whenever the protection of the public is inconsistent with other
22 interests sought to be promoted, the protection of the public shall be paramount."

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27 5. Costs incurred prior to January 1, 2005, are eligible for recovery only if they are related to
28 causes of action specified in Code Section 5107 prior to the amendment effective January 1, 2005.

1 **APPLICABLE PROFESSIONAL STANDARDS**

2 18. Professional standards or standards of practice⁶ pertinent⁷ to this accusation, the
3 financial statement compilation, and the tax engagement in issue include, without limitation,
4 standards applicable to the performance of a compilation - *Statements on Standards for*
5 *Accounting and Review Services* (SSARS) issued by the American Institute of Certified Public
6 Accountants.

7 **CAUSES FOR DISCIPLINE**

8 **FIRST CAUSE FOR DISCIPLINE**

9 **Gross Negligence**
10 **Compilation Reports - Woodside Fund Corporation**
 Bus. & Prof. Code Section 5100(c)

11 19. Respondent issued compilation reports for Woodside Fund Corporation as of
12 November 30, 2000 and as of November 30, 2001. The compilation reports do not conform to
13 professional standards. For example:

14 A. The reports do not reference performance in accordance with *Statements on*
15 *Standards for Accounting and Review Services* (AR§100.11).

16 B. The accompanying financial statements do not contain a reference to the
17 accountant's report (AR §100.13).

18 C. The reports reference the omission of the statement of changes in financial
19 position, not the statement of cash flows. The title is inappropriate for GAAP-based financial
20 statements (AU §623.07).

21 D. The reports state that there are omissions of disclosures and the statements of
22

23 6. "Generally Accepted Accounting Principles" (GAAP) are the basic postulates and broad
24 principles of accounting pertaining to business enterprises. These principles establish guidelines for
25 measuring, recording, and classifying the transactions of a business entity. "Generally Accepted
26 Auditing Standards"(GAAS) are the standards prescribed for the conduct of auditors in the performance
of an examination of management's financial statements. See *SEC v. Arthur Young & Co.*, 590 F.2d
785, 788 nn. 2 & 4 (9th Cir. 1979).

27 7. All references herein to standards and other authoritative literature are to the versions in effect at
28 the time the compilations were being performed.

1 changes in financial position, but do not clearly indicate that management elected to make
2 omissions (AR §9100.30).

3 20. Incorporating by reference the matters alleged in paragraph 19, Respondent
4 Anthony Lopez of Lopez & Lopez CPA's is subject to disciplinary action under Code Section
5 5100(c) in that he committed gross negligence in his performance of both compilation
6 engagements described.

7 **SECOND CAUSE FOR DISCIPLINE**

8 **Reporting Violations** 9 **Compilation Report - Woodside Fund Corporation** 10 **(Bus. & Prof. Code Section 5062 and Rule 58)**

11 21. Incorporating by reference the matters alleged in paragraph 19, Respondent
12 Anthony Lopez of Lopez & Lopez CPA's is subject to disciplinary action under Code Section
13 5100(c) in that each report issued violates both Business and Professions Code Section 5062 and
14 Board Rule 58 (in conjunction with Code Section 5100(g)).

15 **ADDITIONAL CAUSES FOR DISCIPLINE** 16 **Respondent Lopez' Unauthorized Practice,** 17 **Fraudulent License Renewal, and Related Violations**

18 **Bus. & Prof. Code Sections 498, 5050 & 5051**
19 **Board Rules 87, 89, and 94/Section 5100(g)**

20 **Unauthorized Practice as Partnership**

21 22. Respondent Lopez prepared and signed, as the tax preparer, tax returns for the
22 years 1999 and 2000 for Mr. and Mrs. W.⁸ The returns were prepared under the firm name of
23 Lopez & Lopez, CPA's. The 1999 return is dated March 14, 2000. The 2000 return is dated
24 April 12, 2001. The Yellow Pages (good through May 2002) listed an advertisement for Lopez
25 & Lopez Certified Public Accountants at the Respondent Lopez' then address of record.

26 23. Respondent Anthony Lopez of Lopez & Lopez CPA's is subject to disciplinary
27 action under Code Section 5100(g) in conjunction with Code Sections 5050 and 5051 in that he
28

27 8. The full names of relevant persons referred to herein will be made available to respondents
28 upon a timely request for discovery.

1 practiced public accountancy as a partnership without authorization in violation of Code
2 Section 5072.

3 24. Respondent Anthony Lopez of Lopez & Lopez CPA's is subject to disciplinary
4 action under Code Section 5100(g) in conjunction with Code Sections 5050 and 5051 in that he
5 practiced public accountancy under an unauthorized name, Lopez & Lopez, CPA's, in violation
6 of Code Section 5060.

7 25. Respondent Anthony Lopez of Lopez & Lopez CPA's is subject to disciplinary
8 action under Code Section 5100 in that he advertised as Lopez and Lopez CPA's, which
9 constitutes "holding out" as a licensee under Code Section 5050, without being so licensed by the
10 Board.

11 **Unlicensed or Unauthorized Practice - Respondent Lopez**

12 26. Under the Board's rules (see Rules 87 and 89), a license may be renewed for a
13 two-year period in an "active" status (valid for practice) if fees are paid and if the licensee has
14 completed, during the two-year period immediately preceding the expiration/renewal date,
15 required continuing education.

16 27. As set forth in paragraph 2, beginning with the August 1997 renewal cycle, the
17 status of Respondent Lopez' license was renewed in an "active" status, that is, valid for practice,
18 **only** during the following time periods: May 4, 1998 through July 31, 1999; June 2, 2000
19 through July 31, 2001; and March 19, 2002 through July 31, 2005 (and during the subsequent
20 periods). Respondent Lopez was not authorized to practice public accountancy during any time
21 period when his license was not in an "active" status.

22 28. Incorporating by reference the matters alleged in paragraph 27, cause exists for
23 discipline of Respondent's license under Code Section 5100(g) in conjunction with Code Section
24 5050 and 5051 as well as the referenced Board Rules in that Respondent was "holding out" as a
25 licensed accountant, in violation of Code Section 5050, during a time when his license was not
26 valid for practice. Further, Respondent's issuance of the compiled financial statements of
27 Woodside Fund Corporation, on December 18, 2001, as alleged in paragraph 19, occurred while
28

1 his license was expired, constituting cause for discipline for unlicensed practice.

2 **Renewal and Practice Without Required Continuing Education**

3 29. Respondent Lopez certified, in his completed renewal form (submitted late, in
4 March 2002) which followed the two-year renewal period ending July 31, 2001⁹), that he was
5 issuing compilation reports during the 1999-2001 renewal period. Respondent Lopez was
6 therefore subject to the requirement that he complete 24 hours of continuing education in the
7 "Accounting and Auditing" area (see paragraph 13 and Board Rule 87(c)) during that period, that
8 is, the two-year renewal period immediately preceding his license renewal. However,
9 Respondent Lopez indicated on his renewal form (submitted under penalty of perjury) that he
10 was **not subject** to the accounting and auditing continuing education requirements, and, although
11 his license was issued in an active status based upon his representation that he was not subject to
12 the accounting and auditing requirements, he was in fact subject to the requirement, and had in
13 fact completed only 10 of the required 24 hours of continuing education in accounting and
14 auditing subjects for the subject renewal period.

15 30. Incorporating by reference the matters in paragraph 29, cause exists for discipline
16 of Respondent's license under Code Section 5100(b) in conjunction with Code Section 498 in
17 that he procured an active license by making a false statement and/or a knowing
18 misrepresentation of a material fact, when he asserted, in his application, that he complied with
19 requisite continuing education requirements when he had, in fact, not complied with the
20 requirements.

21 31. Incorporating by reference the matters set forth in paragraph 29, Respondent's
22 license is subject to discipline in that he willfully made a false or misleading statement, in
23 writing, regarding continuing education in violation of Board Rule 89(k), which constitutes cause
24 for discipline under Code Section 5100(g).

25 32. Incorporating by reference the matters set forth in paragraph 29, Respondent's

26 9. Respondent was required to complete certain requirements between August 1999 and July 2001
27 in order to renew his license for the next two-year period. Respondent was late submitting the renewal
28 in question, so his license was also delinquent from August 2001 through March 18, 2002.

1 license is subject to discipline in that he failed to comply with the Board's continuing education
2 rules while engaged in active practice, which constitutes cause for discipline under Board Rule
3 87(g) in conjunction with Code Section 5100(g).

4 33. Incorporating by reference the matters set forth in paragraph 29, Respondent's
5 license is subject to discipline in that he failed to comply with the Board's continuing education
6 rules while engaged in active practice in violation of Board Rule 94, which constitutes cause for
7 discipline under Code Section 5100(g).

8 CAUSES FOR DISCIPLINE OF PARTNERSHIP LICENSE

9 Code Section 5101 - Partnership Discipline 10 Based Upon Partner Discipline and Upon Violations of Code Section 5100 11 Unauthorized Practice Under Partnership Name

12 34. Respondent Lopez & Lopez CPA's is subject to disciplinary action under Code
13 Section 5101 in conjunction with Code Sections 5050 and 5051 in that the partnership operated
14 as a CPA firm prior to its initial licensure as a firm (see paragraph 3) in or about September
15 2002, as evidenced by the following:

16 A. The firm advertised as "Lopez & Lopez - Certified Public Accountants" in the
17 May 2002 edition of the San Mateo County Central telephone book prior to its registration as a
18 CPA firm in or about September 2002.

19 B. Respondent Lopez submitted renewal information for his individual CPA license
20 on the letterhead of Lopez & Lopez, CPA's, in or about August 1997.

21 35. Incorporating by reference the allegations in paragraph 34, cause exists for the
22 discipline of Respondent Partnership's license under Code section 5101.

23 36. Incorporating by reference the allegations in paragraphs 19 through 34, the causes
24 for discipline stated for the discipline of Respondent Lopez' license, with respect to each
25 violation of Code Section 5100, establish cause for the discipline of Respondent Partnership's
26 license under Code section 5101.

27 37. Incorporating by reference the allegations in paragraphs 19 through 34, the causes
28 for discipline stated for the discipline of Respondent Lopez' license, if they result in the

1 revocation or suspension of the license of partner Anthony Lopez, establish cause for discipline
2 of the Respondent Partnership's license under Code section 5101(a).

3 **OTHER MATTERS**

4 38. Pursuant to Code section 5107, it is requested that the administrative law judge, as
5 part of the proposed decision in this proceeding, direct Respondents to pay to the Board all
6 reasonable costs of investigation and prosecution in this case, including, but not limited to,
7 attorneys' fees.

8 39. Code section 5000.1 is relevant to the penalty determination in this matter.

9 **PRAYER**

10 WHEREFORE, Complainant requests that a hearing be held on the matters herein
11 alleged, and that following the hearing, the California Board of Accountancy issue a decision:

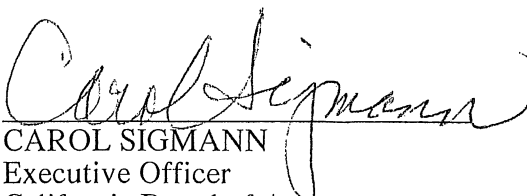
12 1. Revoking, suspending, or otherwise imposing discipline upon Certified Public
13 Accountant Certificate Number CPA 15145, issued to Anthony Lopez;

14 2. Revoking, suspending, or otherwise imposing discipline upon Accountancy
15 Partnership Certificate Number PAR 6591, issued to Lopez & Lopez CPA's, (Anthony Lopez,
16 CPA and Lori Lopez Norwood, CPA);

17 3. Ordering both Anthony Lopez and Lopez & Lopez CPA's, jointly and severally,
18 to pay the California Board of Accountancy its costs of investigation and enforcement of this
19 case, pursuant to Business and Professions Code Section 5107;

20 4. Taking such other and further action as deemed necessary and proper.

21 DATED: May 22, 2006

22 
23 CAROL SIGMANN
24 Executive Officer
25 California Board of Accountancy
26 Department of Consumer Affairs
27 State of California
28 Complainant